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IMPLICATIONS FOR EXECUTIVES: The Business Strategy and Knowledge Relationship

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It's difficult to pick up a business magazine or newspaper without spotting a reference to "knowledge management". The term sparks a line-up of challenging questions for executives who are unsure about the value and use of their knowledge assets. They wonder: Can we make our organization smarter? Can we increase our competitiveness and value proposition by a more effective focus on corporate knowledge? Within this context, executives are struggling to understand and articulate the consanguinity between their knowledge assets, capabilities and strategic framework.

Every company competes in a unique way – operating within some industry and adopting a competitive position within that sector of commerce. Today, the frontline of competition is the need to continually create knowledge-supported innovative products and services. The trend is clear: customers are more empowered with access to more information and organizations are competing more intensely than ever, both to acquire new customers and keep the profitable ones they have.

With knowledge taking on increased importance, it makes sense that there is an opportunity to improve competitiveness by effectively managing critical corporate knowledge assets. A successful knowledge framework creates a competitive advantage by bringing appropriate knowledge to the point of action for favorable decision-making.

Market intelligence reveals that knowledge is considered a strategically important resource by most large and small organizations alike. However, many knowledge-focused initiatives have failed to meet particular objectives or resulted in total failure! The predominant explanation, for these frustrating outcomes, is the lack of an explicit knowledge strategy aligned with enterprise business and technology strategies.

Competing successfully on knowledge requires aligning the organization's business and technology strategy to the organization needs for the current environment, and building the knowledge and capabilities necessary to support future market opportunities.

A knowledge strategy includes the overall approach and decisions an organization will employ to leverage its mission-critical knowledge resources and capabilities. It also provides for the coordination and correlation of traditional resources in new-fashioned and distinctive ways, providing more value for customers than can competitors.

Creating a knowledge strategy begins with research and analysis of the critical business and support activities, involving colleagues from all disciplines. Some of the key questions addressed include:

- How is the organization's knowledge assets characterized?
- What is the financial value of the knowledge assets?

- Where is knowledge found within the organization?
- Who owns and uses mission-critical knowledge?
- What percentage of knowledge is structured and unstructured?
- What percentage of knowledge is in explicit and tacit format?
- How aged and timeless is the knowledge?
- Is knowledge easy to access, manipulate, and share?
- Do enterprise business and technology strategies correctly verbalize their alignment with knowledge assets?
- Is mission-critical knowledge leveraged throughout the organization in support of effective customer interactions?
- Is there a gap between the need and possession of mission-critical knowledge assets required for business success?

The key benefits that should be realized from a successful knowledge strategy are shown below:

- Increase competitiveness
- Improve strategic decision-making
- Decrease product development process time
- Improve corporate memory
- Improve skills of knowledge workers
- Provide for an innovative and creative culture
- Improve effectiveness of customer interactions.

Given the benefits of a successful knowledge strategy, it's important for management and employees to continually promote a positive knowledge-focused culture and community.

Ten years ago, many businesses were skeptical about using mobile phones as a sales force productivity tool. Today, it is a proven business tool and an accepted cost of doing business. If knowledge is to take hold rather than become merely a passing craze, it will have to be solidly linked to the creation of real economic value and competitive advantage. This can be accomplished by grounding a knowledge focus within the context of the organizational business and technology strategies.